



Memorandum

To : Honorable Judy Chu, Ph.D., Chair
Honorable Betty T. Yee, Vice Chairwoman
Honorable Bill Leonard
Honorable Michelle Steel
Honorable John Chiang

Date: May 9, 2008

From :  Randie L. Henry, Deputy Director
Sales and Use Tax Department
 David J. Gau, Deputy Director
Property and Special Taxes Department

Subject : Security Deposit Program Update
May 28, 2008 – Customer Service and Administrative Efficiency Committee

This memo provides our monthly update on the security deposit program. As of April 2008, the Sales and Use Tax Department (SUTD) and the Property and Special Taxes Department (PSTD) started receiving the Active Security Three Years and Older Report and the Uncleared Security Deposits List monthly in electronic format. These reports are mailed to the district offices and Headquarters divisions at the beginning of each month. All security deposits on these reports are being reviewed and eligible security deposits are being released before the end of each month. Staff has been instructed to review the accounts on the Active Security Three Years and Older Report using the release criteria approved in the April 8, 2008 Board Meeting. The release criteria is as follows:

1. Security must be held for three years
2. No current accounts receivable
3. No current delinquent returns, and
4. Account must have no more than two instances within the last twelve months of non-compliance with items two and three.

We continue to work on ways to improve the security deposit program and have developed a revised action plan (see Page 2).

Action Plan for Security Deposits Program

Action	Estimated Completion Date
1. Review current policy and procedures.	03/31/08
2. Complete programming for the Active Security Three Years and Older Report to include the new criteria.	07/31/08
3. Complete programming to automatically generate the security denial letter.	08/30/08
4. Revised Compliance Policy and Procedures Manual section 405.035, <i>Release and Refund of Security – Active Accounts</i> to incorporate new criteria and submit to the Board Members for approval.	10/01/08
5. Distribution to staff of revised Compliance Policy and Procedures Manual section 405.035, <i>Release and Refund of Security – Active Accounts</i>	10/22/08
6. Complete revision of Compliance Policy and Procedures Manual Chapter 4, <i>Security</i> to Board Members for approval	12/16/08
7. Distribution to staff of revised Compliance Policy and Procedures Manual Chapter 4, <i>Security</i>	02/02/09

We will be providing another update at the August 19, 2008 Board Meeting. If you have any questions, please feel free to contact us.

RLH:DJG:jt:sr

cc: Mr. Steve Shea
Mr. Mark Ibele
Mr. Alan LoFaso
Ms. Barbara Alby
Mr. Erik Caldwell
Ms. Marcy Jo Mandel
Mr. Ramon J. Hirsig
Ms. Kari Hammond (MIC 79)
Ms. Diane Olson (MIC 80)